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Geneva, 18-20 September 2000
Item 8 of the provisional agenda

Background Report

Electronic commerce and tourism

New perspectives and challenges for developing countries

Executive Summary

This report examines the major issues that will affect tourism as a result of the development of electronic commerce Tourism is an information-intensive industry in which electronic commerce is already playing a significant role. Further, tourism is a sector in which a significant number of developing countries enjoy a competitive advantage. The change that the tourism industry is experiencing presents an opportunity for developing countries to improve their relative position in the international market if they embrace the business model and technology of e-commerce. Many players in the tourism market are reinventing themselves today as "*infomediaries*" In order to succeed they must establish themselves as a credible brand with positive consumer recognition. A developing country tourism producer may find it advantageous to establish and broaden its online offer by including booking for other local producers in an effort to offer consumers a comprehensive tourist product. Both private and public sector "*destination marketing organizations*" (DMOs) in developing countries should adopt a "total internet strategy" and by example and assistance should encourage all domestic industry players to do the same.

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CONTENTS

	paragraphs
Executive Summary	
I. Background	1
II. Inroduction	2 - 5
III. Towards e-tourism	6 - 34
A. Developments and trends	6 - 15
B. E-commerce and tourism: a question of confidence?	16 - 22
C. Tourism: a sector deaply affected by e-commerce	23 - 29
D. Intermediaries vs. infomediaries: the demise of the travel agent?	30 - 34
IV. The role of destination marketing organizations (DMOs)	35 - 49

Annexes

Annex 1 - Tourist arrivals from developed countries 1992/1996
Annex 2 - Examples of best practice websites of destination marketing organizations

I. Background

1. In February 2000, the UNCTAD Conference, at its tenth session, adopted the UNCTAD Plan of Action (TD/386). In paragraph 148, the Plan calls upon UNCTAD "*to continue to assist developing countries and countries in transition in building up a service infrastructure in the areas of customs, transport, banking, insurance and tourism, with a view to improving their competitiveness in the international marketplace.*" Also in paragraphs 156 and 157, relating to electronic commerce, it calls on UNCTAD to "*contribute to informing international debates on the developmental impact of global information networks addressing, in particular, developing countries' specific problems, such as information technology, infrastructure constraints and build-up of human resources capacity*". The Executive session of the Trade and Development Board decided on 12 May 2000 to convene an expert meeting on "Electronic Commerce and Tourism", from 18 to 20 September 2000.

II. Introduction

2. Tourism is an information-intensive industry in which electronic commerce is expected to play a significant role. The application of e-commerce by business and consumers in the industry raises a variety of issues regarding the impact on the industry as a whole and on developing countries in particular.

3. The main actors in the tourism industry include governments, tour operators, hotels, airlines and other transport operators, and tourists or consumers. Each of these actors has a stake in the development of the electronic market. Each is expected to be affected in different ways by the changes brought about by electronic commerce. The concerns and interests of these stakeholders need to be addressed in order to ensure that changes are managed and promoted to the benefit of all.

4. In several respects, tourism can be regarded as of critical relevance when one tries to understand the potential impact of electronic commerce on the economies of developing countries: firstly, because tourism happens to be a sector in which a significant number of developing countries have built comparative advantages over the years, and, secondly, because tourism has remained a largely 'traditional' service activity (i.e. in which, until recently, buyers, sellers and intermediaries were well identified). Studying the relationship between tourism and e-commerce should therefore help in addressing at least two fundamental and broader questions, namely (1) how do new information technologies and networks (such as the Internet) affect the trade competitiveness of developing countries, and (2) how does the 'old economy' (represented by tourism) combine with the 'new economy' (as incarnated by electronic commerce) in developing countries, and how much of a margin of manoeuvre does this combination leave to local governments and enterprises to develop, maintain or create comparative advantages in global markets?

5. This report examines the major issues that will affect tourism as a result of the development of electronic commerce. It focuses in particular on the expected impact of

e-commerce on tourism in developing countries. It looks at how business-to-business and business-to-consumer electronic commerce can improve customer service, reduce costs and promote market expansion. It identifies the constraints that are likely to be encountered and the opportunities available. It suggests strategies that may be adopted to enable developing countries to make maximum gains from the application of e-commerce in tourism. The main objective of this report is to provide a starting point and a background for the analysis, discussion and exchange in which the convened experts will engage.

III. Towards *e*-tourism

A. Developments and trends

6. In 1996, the top 60 tourism earning countries received a total of USD 412 billion by selling tourism services to international (foreign) tourists. In comparison with the USD 95 billion generated in 1980 by the same group of countries, this represents an average annual growth rate of 9.6 per cent.[1] However, if domestic tourism and all travel are included, global demand for tourism and travel services is expected to amount to USD 4,475 billion for 1999. Forecasts have been made for 2010 for total international tourism receipts of USD 1,325 and for a global tourism demand of USD 8,972 billion.[2]

7. In 1996, developing countries managed to capture 15 per cent of international tourism receipts, or USD 63 billion. However, this figure may be misleading as China, perhaps the largest developing country tourism exporter, by itself accounts for a full USD 10 billion. Together with earnings generated by the Hong Kong Special Administrative Region (SAR) of China, this figure would surpass USD 20 billion and severely distorts any presentation of cumulative data for developing countries as a group.[3] Further, China, Thailand and Indonesia together generated 40 per cent of all international tourism receipts accruing to developing countries in 1996.[4]

8. In contrast, the participation of LDCs in the global tourism market is small and uneven. Together, the United Republic of Tanzania, Maldives, Cambodia, Nepal and Uganda account for over half the total international tourism receipts of LDCs.[5]

9. Table 1 shows the performance of a select group of important tourist destination countries.

10. Growth rates of international tourism receipts were, on average, 50 per cent higher in the developing countries included in table 1 in comparison with the developed countries. This is reflected in a general shift of tourism arrivals towards developing country destinations.

Table 1: International arrivals and tourism receipts

Country	International tourist arrivals 1996 (thousand)	International tourism receipts 1996 (USD million)	Annual growth rate of receipts, average 1980/1996 (per cent)	Share of world-wide receipts 1996 (per cent)	Share of world-wide receipts sub-total 1996 (per cent)
United States of America	46,489	69,908	12.88	16.11	
Italy	32,853	30,018	8.44	6.92	
France	62,406	28,357	8.03	6.54	
Spain	40,541	27,654	9.00	6.37	
United Kingdom	25,293	19,296	6.61	4.45	
Germany	15,205	17,567	6.34	4.05	
Austria	17,090	13,990	6.34	3.22	
Switzerland	10,600	8,891	6.70	2.05	*sub-total*
Netherlands	6,580	6,256	8.61	1.44	**51.15**
China	22,765	10,200	19.16	2.35	
Thailand	7,192	8,664	15.47	2.00	
Indonesia	5,034	6,087	22.21	1.40	
Argentina	4,286	4,572	17.53	1.05	
Malaysia	7,138	3,926	18.35	0.90	
Egypt	3,528	3,204	8.99	0.74	
India	2,288	2,963	6.09	0.68	
Israel	2,100	2,942	7.66	0.68	
Philippines	2,049	2,700	14.26	0.62	
Brazil	2,666	2,469	2.02	0.57	
South Africa	4,944	1,995	7.24	0.46	
Tunisia	3,885	1,451	5.66	0.33	
Morocco	2,693	1,381	8.10	0.32	*sub-total*
Chile	1,460	905	11.18	0.21	**12.31**

Source: World Tourism Organization, 1999.

11. Table 2 shows the percentage change in the numbers of tourist arrivals from developed countries for the years 1992 and 1996. Annex 1 contains the absolute data used to construct table 2.

12. Table 2 shows that there was a substantial growth of arrivals in a number of developing country destinations.

13. The data described above lead to at least one conclusion and two questions. The period 1992-1996 has been one in which those developing countries which were already well established tourist destinations have been quite successful in developing their export revenues from tourism. What about other developing countries (have any been able to become competitors in the tourism industry; have some smaller competitors been eliminated?)? In other words, has concentration increased among destination countries, and have information networks heightened barriers to entry in the industry? After 1996 (which saw the real

beginning of the World Wide Web), has this trend been maintained, or has it been modified, negatively or positively?

Table 2: Change in arrivals from developed countries 1992/1996 (in per cent)

	United States of America	Italy	France	Spain	United Kingdom	Germany	Japan
United States of America	0.00	*-11.02*	24.15	*-6.10*	14.94	18.03	41.88
Italy	*-15.64*	0.00	5.73	35.91	*-2.77*	*-0.35*	24.80
France	29.25	*-26.70*	0.00	*-19.66*	13.79	5.55	28.73
Spain	35.96	*-3.41*	13.11	0.00	43.81	46.10	66.31
United Kingdom	12.41	18.88	49.21	18.71	0.00	31.44	7.40
Germany	*-8.51*	*-12.01*	*-4.85*	12.92	3.67	0.00	7.98
Japan	4.63	3.70	21.28	*-14.29*	16.94	18.75	0.00
Thailand	12.77	*-2.54*	6.22	0.00	21.61	28.26	63.86
Indonesia	58.40	10.53	41.94	14.29	22.88	42.37	68.61
Argentina	96.89	12.90	22.22	33.33	12.28	19.05	0.00
Malaysia	27.85	0.00	25.00	0.00	17.61	36.17	35.77
Egypt	4.17	115.29	13.62	*-67.86*	3.47	22.75	32.35
India	50.66	*-1.96*	25.68	*-4.00*	47.95	19.05	65.00
Israel	26.09	*-1.37*	23.57	*-8.70*	38.93	36.20	72.73
Philippines	68.47	55.56	61.54	100.00	115.38	66.67	57.66
Brazil	163.04	67.61	110.26	62.22	138.46	131.82	105.26
South Africa	121.15	45.00	162.50	100.00	64.86	116.67	100.00
Tunisia	44.44	20.54	51.82	7.50	1.98	24.50	0.00
Morocco	*-14.44*	*-19.47*	16.55	*-28.88*	8.42	15.14	33.33
Chile	46.97	23.08	69.23	33.33	100.00	80.00	33.33

Source: World Tourism Organization, 1999.

14. Developing countries have often used their natural and geographical endowments to achieve remarkable growth in their tourism sector. However, a number of circumstance common, but not exclusive, to developing countries militate against their efforts to develop a strong tourism export sector:

- A generally weaker bargaining position towards international tour operators;
- Long distances and less than acute or no competition result in high air fares;
- Global distribution systems (GDSs) and computer reservation systems (CRSs) owned by large international airlines;
- An increasingly competitive global tourism sector where natural competitive advantages are becoming less significant.

15. The tourism sector is profiting from the processes of globalization and liberalization, and it is important that developing countries should position their national tourism industries to maximize future benefits. As is characteristic of the sector, the tourism product is an amalgam of a wide range of products and services; this dilutes a country's reliance on too few exporting sectors and thus tends to stabilize export earnings and foreign currency receipts. A

detailed discussion of the economic relevance of tourism may be found in the UNCTAD publication "International trade in tourism related services: Issues and options for developing countries".[6]

B. E-commerce and tourism : a question of confidence?

16. The tourism product has a distinguishing feature that has thrust it into the forefront of the electronic commerce revolution: at the point of sale tourism is little more than an information product. A consumer gets product information through the media, friends or a travel agent,[7] based on her or his queries and expressions of interest, i.e. personal information. Then the consumer pays up-front for a reservation for travel and logging and other services. Thus she or he, in exchange for cash, receives yet again more information.

17. Until the product is actually consumed, the consumer must be confident that the actual experience will materialize and satisfy expectations. We may therefore consider tourism as a "confidence good".[8] While price and customer service during the booking procedure are important competitive factors, tourism producers and intermediaries are increasingly competing on the confidence inspired in the customer directly through the quality of the information they provide.

18. The tourism industry is learning fast that the Internet can satisfy this need far better than any other existing technology. More than any other medium, the Internet and its inherent interactivity empowers people to find information quickly and precisely on any destination or recreation that is capturing their interest. Consumers expect instant information and, increasingly, the possibility to design or customize a the tourism product sought and pay for it online.

19. The use of the Internet in developed countries for purchasing tourism products is increasing dramatically. Of the total e-commerce sales of USD 64 billion in 1999, travel, transport and hotel reservations as a group represented the largest category of Internet transactions, accounting for 38.5 per cent of all online sales.[9]

20. The major part of these transactions originates and is materialized in the United States of America. More than half (53 per cent) of all travellers in the United States of America use the Internet and are responsible for approximately three-quarters of online sales.[10] Online sales in Europe are forecast to increase substantially. In 1999 only 0.1 per cent of the European travel market, worth GBP 540 billion, was sold online and it is expected that Internet sales will have grown six-fold by 2002. For the United Kingdom there are estimates that 30 per cent of flight-only bookings will be made online by 2003, as well as sales of 15 per cent of standard packaged holidays and 20 per cent of last minute and late packaged holidays.[11]

21. The change that the tourism industry is experiencing presents an opportunity for developing countries to improve their relative position in the international market, provided

they empower themselves to approach their customers and business partners and build confidence. It is certain that embracing digital communication and information technology is no longer an option. What is optional is the type of information technology and telecom policy governments wish to pursue, the restrictions some financial authorities and/or institutions wish to maintain on tourism producers (and not only on them) for the sake of stability and possibly at the expense of growth, and the leadership national tourism boards and tourism business associations will exercise in embracing the digital age.

22. The hard reality in the tourism industry today is "*that if you are not on-line, you are not on sale.*"[12] Destinations and businesses eager to have an impact on the marketplace must be on-line. Small or remote destinations and products with well-developed and innovative web sites can now have "equal access" to international markets. In a real sense, it is not the cost of being there that must be reckoned with, but the cost of not being there.

C. Tourism: a sector deeply affected by e-commerce

23. The change in the structure of the tourism industry can be best appreciated by comparing Diagram 2 depicting Internet-enabled tourism with its pre-Internet structure as set out in Diagram 1.

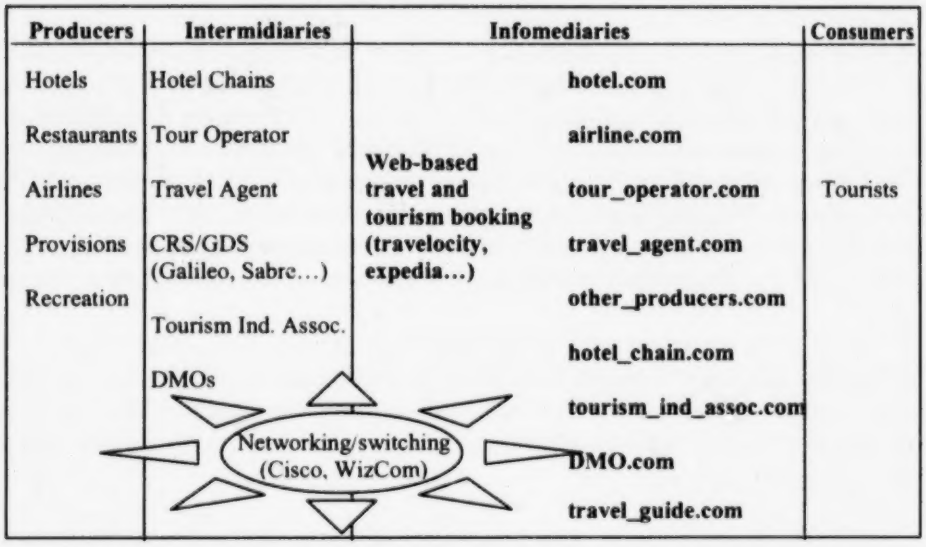
Diagram 1: Pre-Internet tourism

Producers	Intermediaries	Consumers
Hotels Restaurants Airlines Provisions Recreation	**Hotel Chains** **Tour Operators** **Travel Agent** **CRS/GDS***	Tourists
	Tourism Industry Association **DMOs**	

* CRS: Computer reservation system
* GDS: Global distribution system

24. It is immediately obvious that the Internet enables all the traditional players to become infomediaries.[13] Less obvious is the disappearance of the distinction between those intermediaries which only give information to travel agents and consumers (found below the broken line in Diagram 1), and those that both receive and give information in all directions of the value chain and also receive or direct/forward payments.

Diagram 2: Internet-enabled tourism



25. This hierarchy of direction of information and payments is substantially disrupted with the advance of the Internet-enabled tourism industry. Form the B-to-C[14] angle, a tourist may now book online any combination of tourism services with/through any combination of producers or inter/info-mediaries. The B-to-B dimension of tourism increases significantly as each producer and inter/info-mediary start linking their proprietary booking systems with one another: each player can then provide a much larger variety of tourism products.

26. An interesting example of this open network concept that is making the old hierarchical value chain obsolete is Forte Hotels. Forte's proprietary computer reservation system (CRS) is linked to the Sabre global distribution system (GDS) through a switch interface. TravelWeb.com provides on-line booking of, among others, Forte Hotels, on its Internet site using the Sabre GDS as a source. Forte Hotels have their own web page which also provides hotel bookings; however it does so through TravelWeb while planning to connect directly to its proprietary CRS in its next generation website. The setup described would allow a tourism industry player to provide a much large spectrum of tourist products to potential clients in addition to its core lodging or travel product. Further, this would empower the tourism business to act as a broker and agent, and possibly develop partnerships for referrals and commissions for business generated for third parties.

27. While putting one's own proprietary/legacy CRS on the Internet may be technically more efficient in comparison with building a booking service on top of those offered by GDS operators and the new infomediaries, it defies the purpose of moving forward to websites that incorporate client profiling, personalized and dynamic information delivery and customer/enterprise relationship management. Knowing a customer's preferences, or enabling her or him to express a detailed product preference, is useless if the owner of the

web page provides no more than an "Internet-enabled" proprietary CRS and cannot push content from other providers.

28. . The demand, as well as the existing technical feasibility, for a one-stop shop in the case of a complex tourism product that would include a consumer-customized itinerary of, say, lodging, travel, car rental and recreational activities, will promote B-to-B relations in the sector. Having established on-line booking as a normal operation, the challenge facing the travel industry is bringing on-line the "travel consultant". The system producing the necessary consumer profiling and, most importantly, the relationship of confidence between consumers and the on-line automated virtual travel consultant must be superior in efficiency, if unavoidably less human than the relationship that a consumer would look for in her/his travel agent.

29. With the majority of actors in the tourism market reinventing themselves as infomediaries it is not surprising that today there are more than 1,000 travel websites. However, some industry analyst expect this number to fall substantially, rather than increase, within the next three years.[15]

D. Intermediaries vs. infomediaries : the demise of the travel agent?

30. Much attention has been given to the predicted demise of the travel agent. Travel agents are being bypassed by GDS operators who see economic gains in putting their system online and making it directly available to consumers, while saving the costs of commissions and fees paid to agents. The pre-Internet position of travel agents is unsustainable, and agents are exploring their own on-line strategies as well the possibilities for creating their own CRS and GDS systems. As agents are often too small to pursue global ambitions, one solution may lie in forming business associations of agents. An example of this approach is the United States Travel Agent Registry (USTAR), established in 1996.[16] USTAR brings together 700 travel agents and has as its main objective to deploy Genesis, its own CRS system. The main advantage for the consumer is that Genesis will offer a broad diversity of travel content. USTAR has been expanding the Genesis concept outside its national market and is actively establishing partnerships with similar organizations worldwide.

31. In order to succeed, infomediaries must establish themselves as a credible brand with positive consumer recognition. Players that have a physical presence in the market and have an established business generating sales and earnings have a double advantage. They should be able to build an on-line brand identity on top of their off-line brand and real world operations where they physically come into contact with and have immediate feedback from customers. Further, they are in a position to establish and finance their on-line brand identity in parallel with existing marketing and public relations activities and with funds generated from existing activities. However, pre-Internet players also have important disadvantages. Often they are encumbered by a costly network of physical shops and long-standing arrangements, with varying degrees of exclusivity, with producers and agents.

32. Pure infomediaries, like many dot-com startups, initially may have to spend substantial funds in marketing campaigns designed to establish their brand from the ground up. Often sales and earnings do not provide enough funds and therefore they incur losses for what investors hope will be a limited time. The turnaround is supposed to happen when revenues increase and marketing costs decrease to a sustainable level.[17]

33. It is the ambition of every industry player embracing the Internet to become a dominant web point of entry for prospective tourism consumers. While the quality of the B-to-C relationship is crucial, it is unattainable without a fully developed B-to-B network as only through this can the online player offer a complete, complex and competitive product. We can conclude that the Internet-enabled tourism industry structure will not be static.

34. The next section will discuss how destination marketing organizations, be they government bodies or business associations, can favourably contribute to modernizing the tourism industries of developing countries. It is imperative that the permanent advances in technology and best business practice are shared by all industry players across all categories and countries.

IV. The role of destination marketing organizations (DMOs)

35 The role of government or national institutions in creating a general enabling environment has been dealt with in some detail in the UNCTAD publication "Building confidence: E-commerce and economic development".[18] It has also been noted in the introduction of this paper.

36. The traditional DMOs are Boards of Tourism or Tourism Business Associations. With rare exceptions, they are among the less developed players in the on-line tourism industry. The usual explanation for their under-performance is that their clients, the national tourism industry, are not tourism consumers, and this can make it difficult to measure the effects of DMO activities. The tourism industry of a particular country finances its DMO usually through taxes or budget contributions. The DMO in turn communicates its country's touristic offer to the international market through various media, including direct contact with the consumers, through physical offices in the world's major capitals, brochures, film and television and through presence at tourism trade fairs and similar "live" activities.

37. The structural changes in the tourism industry resulting from the e-commerce revolution may encourage the appearance of a new type of DMO. A developing country tourism service provider may find it advantageous to broaden its online offer by including booking for other local service providers. Its efforts to offer consumers a comprehensive tourist product will lead it to establish relationships with other service providers and promote and support their on-line capabilities. When its offer reaches a critical size and scope, it would by definition become a DMO.

38. The advent of online tourism and the development of infomediaries present a unique chance for traditional DMOs to promote their position in the global industry. In developing countries, their role is doubly important as they can assume a position of leadership in actively promoting the development of the national online tourism sector. DMOs are in a unique position in that they can represent the national tourism potential with quality information that answers basic questions any visitor may have: how do I get there, where should I stay, what is there to do and how much will it cost? The Internet provides infinite possibilities for delivering exciting and entertaining information to consumers. Annex 2. gives several examples of best practice web pages from developed and developing country DMOs.

39. Internet presence is no longer an option for any entity aspiring to be a DMO. Rather, it is an obligation and a question of determination to help to develop and improve the national tourism industry that finally pays for the DMOs' services. Destination remains one of the first decisions a potential tourist makes when looking for a suitable product package online. However, if the DMO cannot produce "instant information gratification" and inspire the confidence in the future tourist that she or he will find answers during their on-line session, another destination is only a few mouse clicks away and the opportunity will be lost.

40. The Internet enables the DMO to assume many of the functionalities of the new infomediaries described in the previous sections. Selectivity and focus may be on domestic industry players, although this does not have to be a policy orientation, in particular as tourism is a multi-component export product that contains value added from the broadest spectrum of destination businesses and public utilities. Therefore, the battle for tourist dollars could possibly take precedence over the battle on behalf of domestic tourism industry players.

41. The developing country DMO is ideally placed to encourage and assist its tourism industry to go online and compete in the international market. The DMO can also represent the industry and, if necessary, push for reform that would reduce technical costs and barriers associated with telecom and ISP services and enable on-line financial transactions to take place.

42. DMOs should adopt what is often called a "total Internet strategy" and by example and assistance should encourage all industry players to do the same. It consist of a number of elements which are presented in no strict order:

- Define the objectives of on-line presence;
- Conduct a competition overview;
- Plan for flexibility in the on-line development budget;
- Define success criteria and measurements;
- Define technical and design criteria;
- Integrate existing proprietary/legacy systems;
- Develop human resources;
- Focus on product quality;

- Establish on-line partnerships with all players with maximum data and content interface;
- Provide special assistance to small, indigenous suppliers;
- Plan for 3rd and 4th generation websites;
- Establish a marketing strategy for the websites.

43. Several of these elements are of critical importance to developing countries, and are discussed in a little more detail below.

Define technical and design criteria

44. In web site development, the following key success factors may be considered:

- Ensure the message and content of your site is appropriate to your target audience;
- Create a lively design, which maintains interest throughout the site, and reflects the nature of your destination and your destination marketing organization's corporate or promotional style;
- Ensure the functionality of your site meets your business objectives, such as awareness raising, information provision, transaction processing. Pay constant attention to new user requirements and customer expectations;
- Ensure your content is current and accurate and that third-party information published on your site maintains a similarly high standard. Do not publish information you cannot update;
- Do not compromise performance in order to exploit multimedia features: consider having two versions of your site, one being more suitable for low tech users;
- Test the site thoroughly before launching it.

Focus on Product Quality

45. It is important for DMOs to promote investment in developing and enhancing of the quality of the tourism product and infrastructure. Marketing alone will not guarantee success. Technology does not eliminate the need for quality and standards, but increases it as products can be transparently compared..

Support Small Indigenous Enterprises

46. DMOs should promote and encourage small hotels and resorts to have web sites with secure e-commerce capabilities. Assistance may be provided in the form of funding, training or workshops. Laws, with particular respect to e-commerce, must be in place to protect consumers from fraud. Lack of trust among consumers is the number one reason why many consumers are hesitant to buy goods and services online.

Plan for 3rd and 4th generation websites

47. Vital marketing information about consumers can be collected passively, while they are online, indicating, for instance, how many times a person visited a certain web-page, how long they spent viewing the information, etc., or actively by motivating them to volunteer information by filling in forms or querying a database. This information is then used to effectively identify and communicate with travellers while exploring their preferences for specific market segments and niches. This, in turn, enables the DMO to track information on who buys what, goes where, how often and for how long. Third generation Internet sites allow for profiling, and produce dynamic and personalized content for the visitor. Fourth generation sites incorporate active customer relationship management, and rely on an extensive knowledge of the customers' professional or private needs, habits and lifestyle. It is, however, uncertain how far customers will want to go in giving such detailed information as fourth generation websites are still uncommon.

48. In order to develop and nurture a one-to-one relationship with customers it is advantageous to communicate by e-mail wherever possible, as it is personal and immediate, but less intrusive than the telephone. Database-filtering tools may be used to ensure that proactive mail shots have a personal feel. Competitions, auctions, chat rooms, feedback forms, and quizzes may be organized to encourage customers to tell more about themselves.

Market and promote the website

49. Marketing should be carried out because merely having a website does not guarantee business. Having a website is like being listed in the yellow pages. The website still has to be promoted whether on billboards, magazines, in the press, on television or at trade fairs. The website should also be linked to search engines so that the sites can be easily found when travellers are searching for information online. Not only does the website's Uniform Resources Locator (URL) need to be promoted, but hyperlinks to other sites could also be beneficial.

Annexes

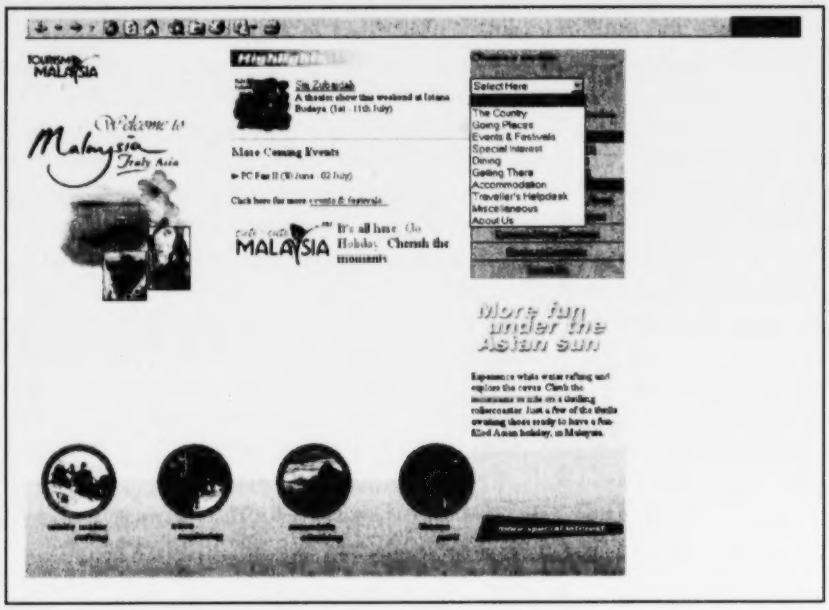
Annex 1 - Tourist arrivals from developed countries 1992/1996

(thousands) Arriving in / Departing from	United States of America		Italy		France		Spain		United Kingdom		Germany		Japan	
Year	**1992**	**1996**	**1992**	**1996**	**1992**	**1996**	**1992**	**1996**	**1992**	**1996**	**1992**	**1996**	**1992**	**1996**
United States of America	0	***0***	590	***525***	795	***987***	344	***323***	2824	***3246***	1692	***1997***	3653	***5183***
Italy	358	***302***	0	***0***	8799	***9303***	607	***825***	1659	***1613***	8783	***8752***	742	***926***
France	2014	***2603***	7229	***5299***	0	***0***	3434	***2759***	8723	***9926***	12674	***13378***	449	***578***
Spain	673	***915***	1115	***1077***	1571	***1777***	0	***0***	2376	***3417***	2874	***4199***	371	***617***
United Kingdom	2748	***3089***	784	***932***	2483	***3705***	684	***812***	0	***0***	2268	***2981***	554	***595***
Germany	1656	***1515***	866	***762***	721	***686***	271	***306***	1252	***1298***	0	***0***	714	***771***
Japan	561	***587***	27	***28***	47	***57***	14	***12***	242	***283***	64	***76***	0	***0***
Thailand	274	***309***	118	***115***	193	***205***	11	***11***	236	***287***	276	***354***	570	***934***
Indonesia	125	***198***	57	***63***	62	***88***	14	***16***	118	***145***	118	***168***	395	***666***
Argentina	161	***317***	93	***105***	36	***44***	132	***176***	57	***64***	63	***75***	0	***0***
Malaysia	79	***101***	0	***0***	24	***30***	0	***0***	142	***167***	47	***64***	260	***353***
Egypt	168	***175***	170	***366***	213	***242***	84	***27***	317	***328***	356	***437***	68	***90***
India	152	***229***	51	***50***	74	***93***	25	***24***	244	***361***	84	***100***	60	***99***
Israel	345	***435***	73	***72***	140	***173***	23	***21***	149	***207***	163	***222***	11	***19***
Philippines	222	***374***	9	***14***	13	***21***	3	***6***	39	***84***	36	***60***	222	***350***
Brazil	138	***363***	71	***119***	39	***82***	45	***73***	26	***62***	66	***153***	19	***39***
South Africa	52	***115***	20	***29***	24	***63***	4	***8***	148	***244***	90	***195***	9	***18***
Tunisia	9	***13***	224	***270***	357	***542***	40	***43***	202	***206***	649	***808***	4	***4***
Morocco	90	***77***	113	***91***	429	***500***	277	***197***	95	***103***	185	***213***	12	***16***
Chile	66	***97***	13	***16***	13	***22***	21	***28***	10	***20***	20	***36***	6	***8***

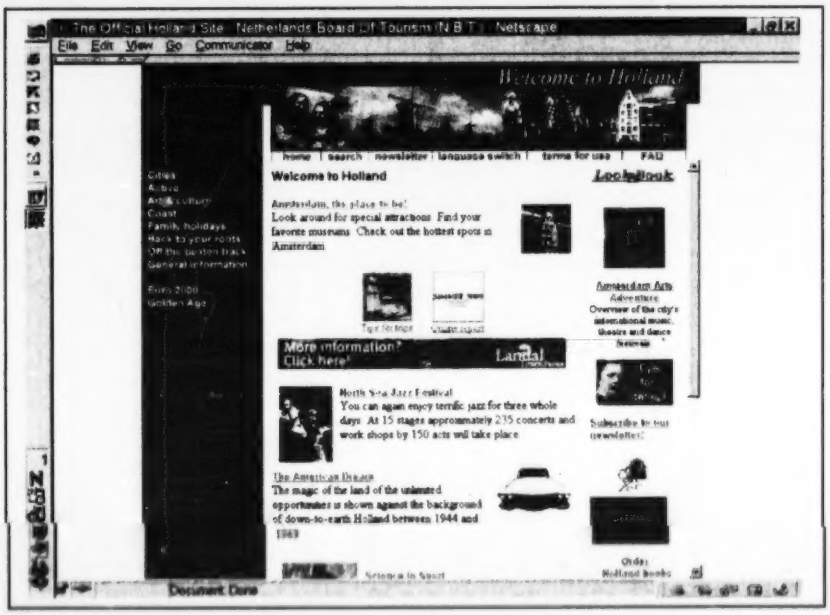
Source: World Tourism Organization, 1999.

Annex 2 - Examples of websites of DMOs and tourism producers

Example 1.:
The Malaysia Tourism Promotion Board (MTPB) or *Tourism Malaysia* website promotes and offers various services and links to on-line producers, a number of which have on-line booking facilities.



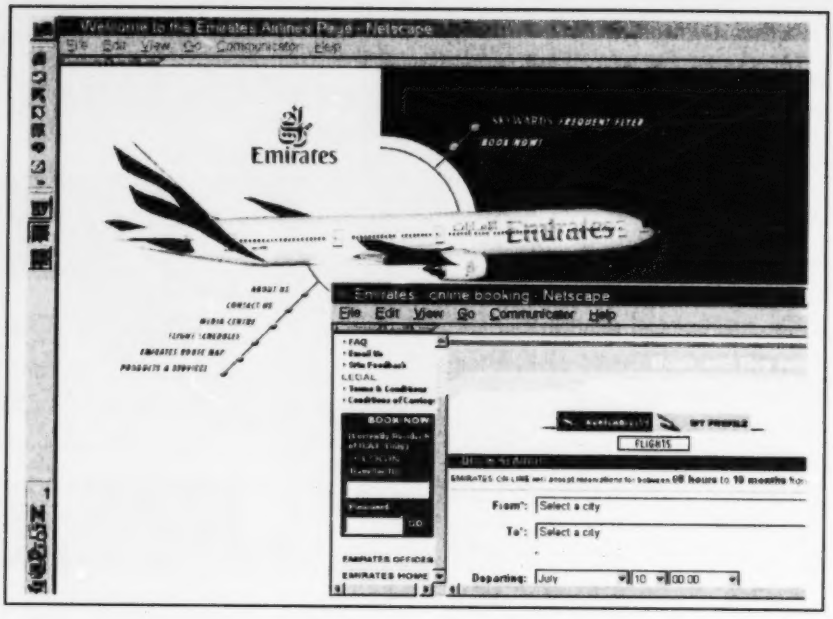
Example 2.:
The third version of the Netherlands Board of Tourism website strives to provide comprehensive information to the consumer, bringing together as many components as possible that make up a holiday: special interests, culture and recreation and family interests, as well as travel and lodging.


The Official Holland Site - Netherlands Board of Tourism (NBT) - Netscape
File Edit View Go Communicator Help
Welcome to Holland
Welcome to Holland
Amsterdam, the place to be!
Look around for special attractions. Find your favorite museums. Check out the hottest spots in Amsterdam.
More information? Click here!
Landal
Document Done

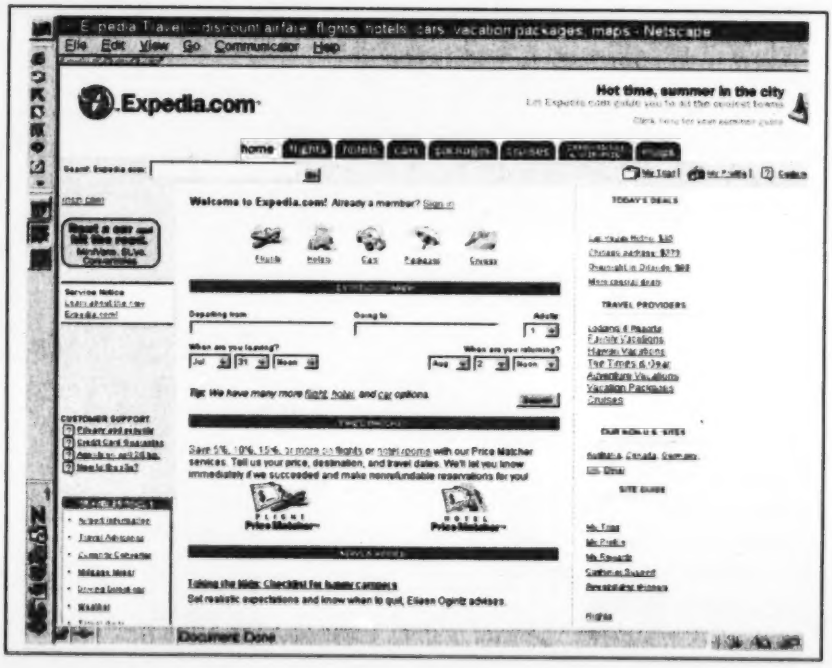
Example 3.: The tourism Board of the United Republic of Tanzania website focuses on, among other things, establishing a strong link between the natural heritage of the country and its touristic offer. Many links are provided to a broad spectrum of domestic tourism producers.

Example 4.: The international tour operator Thomas Cook is transforming itself into a "*one-stop-shop*" for a large variety of tourism products and services with full booking facilities and links. Services include holiday packages, iether flights or hotels only, and car rentals, as well as last minute offers and a travel guide.

Example 5.: Emirates Airlines provides on-line booking for residents. It is now using the Amadeus CRS, instead of putting its proprietary CRS directly on the Internet, thus giving itself the possibility of providing booking facilities for partners associated with the same system.



Example 6.: Expedia Inc. is a provider of branded on-line travel services. The Company's web site offers a one-stop-travel-shopping and reservation services schedule, pricing and availability information for over 450 airlines, 40,000 hotels and all major car rental companies. Prior to 1 October 1999, it was an operating unit of Microsoft.


Expedia Travel -- discount airfare, flights, hotels, cars, vacation packages, maps - Netscape
File Edit View Go Communicator Help
Expedia.com
Hot time, summer in the city
home
Welcome to Expedia.com! Already a member?
TODAY'S DEALS
TRAVEL PROVIDERS
Document Done

Notes

[1] World Tourism Organization, "Yearbook of Tourism Statistics", 1999.

[2] World Travel and Tourism Council, "Travel and tourism's economic impact", March 1999

[3] The Hong Kong SAR of China generated USD 10 billion from international tourism receipts in 1996.

[4] World Tourism Organization, "Yearbook of Tourism Statistics", 1999.

[5] UNCTAD, "International trade in tourism related services: Issues and options for developing countries" (TD/B/COM.1/EM.6/2), 8 April 1998.

[6] *Ibid.* (TD/B/COM.1/EM.6/2).

[7] Sometimes information can be firsthand. However, if information turns into familiarity, this seriously decreases the perceived value of the tourist destination because its primary quality is uniqueness and difference from the consumer's everyday environment or experiences. Familiarity erodes this quality.

[8] Hannes Werthner and Stefan Klein, "ICT and the changing landscape of global tourism distribution", Electronic Markets, 1999, Volume 9 (4).

[9] Poon, E-commerce and tourism, 2000.

[10] International Data Corporation.

[11] Genesys-The Travel Technology Consultancy, "The Battle of Brand" in Travel Trade Gazette, http://www.genesys-consulting.com/ttg/article000425.htm.

[12] World Tourism Organization, "Marketing tourism destinations online", p.4, 1999.

[13] For a more detailed discussion on disintermediation in e-commerce, and the growing role of infomediaries, see 'Building Confidence: Electronic Commerce and Development', UNCTAD 2000.

[14] The expressions 'B-to-C', 'B-to-B' and 'B-to-G' refer respectively to 'business-to-consumers', 'business-to-business' and 'business-to-government', as three major forms of e-commerce. For a more detailed explanation, see "Building Confidence", *op.cit.*, UNCTAD 2000.

[15] Wired, "T2: Budding travel monopoly?", www.wired.com/news/ebiz/.

[16] United States Travel Agent Registry, http://www.ustar.com/.

[17] Genesys-The Travel Technology Consultancy, "Online travel entrepreneurs" in Travel Trade Gazette, http://www.genesys-consulting.com/ttg/article000228.htm

[18] UNCTAD, "Building confidence: E-commerce and economic development", UNCTAD/SDTE/Misc.11, United Nations publication, Sales No.E.0011D.16, 2000.